MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022 (Term 2130)

PMA0064– ESSENTIALS OF MANAGEMENT ACCOUNTING

(Foundation in Management)

10 AUGUST 2022
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages (excluding the cover page) with 4 questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Write your answers in the answer booklet provided.

Question 1

The following is the estimated cost for Nilam Ltd. There are two production departments namely Assembly and Machine Shop and two service departments namely Finishing and Store.

	Total	Assembly (RM)	Machine Shop (RM)	Finishing (RM)	Store (RM)
Direct material		10,000	6,000	4,000	2,000
Indirect material		34,000	42,000	22,000	12,000
Indirect labour		16,000	14,000	4,000	10,000
Electricity	140,000				
Insurance of Machines	120,000				
Insurance of Factory	60,000				
Salaries	40,000				

Additional information:

	Assembly	Machine Shop	Finishing	Store
Floor area (square meters)	2,000	4,000	2,000	2,000
Number.of employees	80	60	40	20
Kilowatt hours	2,000	6,000	4,000	2,000
Value of Machines (RM)	60,000	100,000	200,000	40,000
Machine hours	20,000	40,000		
Labour hours	40,000	60,000		
Service hours	4,000	6,000		

Store supports the three departments based on a proportion of 50% (assembly); 30% (machine shop); 20% (finishing). Finishing services the two production departments based on service hours.

At the year end Nilam Ltd. reported the below actual production information:

	Assembly	Machine shop
Production overhead	RM 500,000	RM 400,000
Machine hours	30,000	80,000
Labour hours	20,000	60,000

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Required

a) Compute overhead absorption rates (OAR) for the production departments using the following bases of apportionment:

i) Rate per labour hour for assembly

ii) Rate per machine hour for machine shop (21 marks)

b) Determine if it is over or under absorbed for the production departments.

(4 marks)

(Total 25 marks)

Question 2

The following company uses process costing in their costing system. The following data concern the operation's first processing department for December 2021. Direct materials and conversion cost are added continuously throughout the process.

Units started into production during the month	13,000
Units completed and transferred out during the month	12,200
Costs added to production during the month:	
Direct materials cost	RM120,000
Conversion cost	RM500,000
Work in process, December 2021:	
Units in process	800
Percentage of completion with respect to direct materials	80%
Percentage of completion with respect to conversion cost	20%

Required

a) Compute the total equivalent units for direct materials and conversion cost.

(8 marks)

b) Compute the cost per equivalent unit for direct materials and conversion cost.

(6 marks)

c) Compute total cost per completed unit. (2 marks)

d) Compute the cost of completed production. (2 marks)

e) Compute cost of ending work in process inventory. (7 marks)

(Total 25 marks)

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Question 3

NingNom electronics uses activity-based costing to assign costs to their products. The following information has been allocated.

Activity cost pool	Cost driver	Cost (RM)
Product reengineering	Number of product re-engineering notices	120,000
Factory power	Kilowatt hours	90,000
Material storage	Direct material cost	82,000
Material disbursement	Production runs	26,000

There are 3 types of electronic chips produced by this company: R1, R2, and R3. Direct costs and cost driver activities for the three products are stated below:

Details	R1	R2	R3
Direct material cost (RM)	10,000	6,000	24,000
Direct labour cost (RM)	26,000	10,000	12,000
Production runs	40	20	20
Kilowatt hours	2,000	4,000	2,000
Product reengineering notices	8	10	6

Required

a) Compute the activity cost driver rate. (4 marks)

b) Compute total product cost of R1, R2 and R3. (21 marks)

(Total 25 marks)

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Question 4

Canyon firm manufactures and sells product EO. The information about product EO as follows:

	RM
Selling price	40
Variable manufacturing cost	10
Variable selling and administration cost	6

Details for the month of May, June and July are as follows.

	May	**June**	**July**
Production of EO	750 units	1,000 units	1,500 units
Sales of EO	600 units	1,100 units	1,550 units
Fixed manufacturing overhead	RM6,400	RM6,400	RM6,400
Fixed non-manufacturing cost	RM3,750	RM3,750	RM3,750

The normal production of product EO is 800 units.

Required

a) Compute production cost per unit using absorption method and marginal costing method. (1 marks)

b) Prepare the income statement for May, June and July based on absorption costing approach. (13 marks)

c) Prepare the income statement for May, June and July based on marginal costing approach. (11 marks)

(Total 25 marks)

The End of Paper